

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT HELD MAY 21, 2014

A regular meeting of the Board of Directors of the Arabian Acres Metropolitan District (the "Board") was duly held on Wednesday, May 21, 2014, at 6:00 p.m., at the Police Department, Community Room, 911 Tamarac Parkway, Woodland Park, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Charles Hallam
Sandy Zuniga
Lynda Morgan
Lanny E. Hoel
Edith Coffman

Also In Attendance Were:

Peter Italiano; Special District Management Services, Inc.

Joan Fritsche, Esq.; Collins, Cockrel & Cole, P.C.

Robert Winterer and Wade Holder; Elected Directors

Members of the Public; see attached list

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest to the Board of Directors and to the Secretary of State. Director Hallam noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted that there were no conflicts.

ADMINISTRATIVE MATTERS

Agenda: Mr. Italiano reviewed the proposed Agenda for the District's regular Board Meeting.

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Following discussion, upon motion duly made by Director Morgan, seconded by Director Coffman and, upon vote, unanimously carried, the Agenda was approved.

Minutes: The Board reviewed the Minutes of the April 16, 2014 Regular Meeting. Following discussion, upon motion duly made by Director Zuniga, seconded by Director Hoel and, upon vote, unanimously carried, the Minutes of the April 16, 2014 Regular Meeting were approved, as amended.

The Board then reviewed the Minutes of the April 29, 2014 Special Meeting. Following discussion, upon motion duly made by Director Morgan, seconded by Director Coffman and, upon vote, unanimously carried, the Minutes of the April 29, 2014 Special Meeting were approved.

Administer Oaths of Office: Lanny Hoel, Edith Coffman, Robert Winterer and Wade Holder all rose, raised their right hands and recited their Oaths of Office. Bank notary Kim Shaw notarized all four Oaths. It was noted that Darlene Sowa, also elected to the Board, was absent. The newly elected Board of Directors was seated.

Election of Officers: Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, carried with Directors Winterer, Hoel and Coffman voting "Yes" and Director Wade Holder voting "No", Edith Coffman was elected President.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Coffman and, upon vote, unanimously carried, Lanny Hoel was elected Treasurer.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Coffman and, upon vote, unanimously carried, Darlene Sowa was elected Secretary.

Following discussion, upon motion duly made by Director Coffman, seconded by Director Hoel and, upon vote, unanimously carried, Robert "Elric" Winterer was elected Assistant Secretary.

Following discussion, upon motion duly made by Director Coffman, seconded by Director Hoel and, upon vote, unanimously carried, Wade Holder was elected Assistant Secretary.

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OPERATORS REPORT

Monthly Production and Results of Quality Tests: Mr. Italiano reviewed the Operator's Report prepared by Lynn Willow, with the Board, which is attached hereto.

FINANCIAL MATTERS

Claims: The Board considered approval of payment of claims through the period ending May 21, 2014, totaling \$26,191.61.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board approved the payment of claims through the period ending May 21, 2014, totaling \$26,191.61.

Cash Position Statement: Mr. Italiano distributed cash position statement as of May 14, 2014 for the Board's review.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Holder and, upon vote, unanimously carried, the Board approved the cash position statement.

Revised Cash Projections Spreadsheet: The Board reviewed and discussed the revised cash projections spreadsheet.

Delinquent Accounts Collections: Mr. Italiano distributed the delinquent accounts report and the unpaid invoice report for the Board's review.

Household Income Survey: Mr. Italiano discussed with the Board the lack of minimum number of replies to the household income survey requested by CWPDA in order to apply for grants and the next steps, which could include Board members going door-to-door for survey completion.

LEGAL MATTERS

Rupp Family Partnership LLLP Advance & Reimbursement Agreement: Ms. Fritsche informed the Board that she sent Ken Rupp an executed copy of the 2014 Advance and Reimbursement Agreement and 2014 Promissory Note in the amount of \$37,354.00. Mr. Rupp replied the Agreement was unacceptable and was holding the District's 2013 Promissory Note. The Rupp obligation is on the District's books and Ms. Fritsche suggested the Board note Mr. Rupp's position and let the matter stand.

Election Wrap-Up: Attorney Fritsche discussed with the Board her memo dated May 13, 2014 (attached) and completion of the election process.

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PUBLIC COMMENT

Public Comments: Mrs. Johnson addressed the Board regarding collections. She noted that the 80% collection rate is not acceptable and that it needs to be 100%. She suggested that the District turn-off water for non-payment because she is tired of subsidizing non-payers.

Ms. Chalatom (Vice President of Trout Haven Estates P.O.A.) introduced herself and explained she was attending the meeting to increase communication between the organizations and subdivisions. Ms. Chalatom requested the District's transparency notice be updated to more accurately reflect posting locations with the District.

Ms. Callan handed out her "Letter of Citizen Expectations of the Board" (attached). She then asked what can be done to prompt the District Attorney's Office to move forward with the Terry Malcom investigation.

ADJOURNMENT

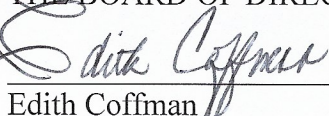
There being no further business to come before the Board at this time, upon motion duly made by Director Coffman, seconded by Director Morgan and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By


Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 21, 2014
MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY
THE BOARD OF DIRECTORS SIGNING BELOW:


Edith Coffman


Lanny E. Hoel


Robert "Eric" Winterer


Wade Holder